



**MINUTES OF THE  
CALIFORNIA INFRASTRUCTURE AND  
ECONOMIC DEVELOPMENT BANK**

For the meeting held on  
Tuesday, November 19, 2013 at 2:00 pm  
1001 I Street, 2nd Floor  
Sierra Hearing Room  
Sacramento, California 95814

Chairman Michael E. Rossi called the meeting of the California Infrastructure and Economic Development Bank (I-Bank) Board to order at approximately 2:00 p.m.

**1. Call To Order and Roll Call.**

The following Board members were in attendance:

Michael E. Rossi, Chairman.  
Brian Annis, represented the Secretary of the State Transportation Agency.  
Eraina Ortega, represented the Director of the Department of Finance.  
Michael Paparian, represented the State Treasurer.  
Peter Luchetti, Governor's appointee.

The following I-Bank staff members were in attendance:  
Teveia Barnes, Ruben Rojas, and Marilyn Muñoz.

**Information Items:**

**2. Executive Director's Report.**

Executive Director Ms. Teveia Barnes gave the Executive Director's report and informed the Board of the following:

- California State Department of Public Health short-term loan.
- Amended and Restated Criteria, Priorities and Guidelines for the Infrastructure State Revolving Fund Program (ISRF) in accordance with direction from the Board.
- Status of the ISRF application form and interest rate setting methodology.
- Small Business Loan Guarantee Program.

**Consent Item:**

**3. Approve minutes from the meeting held on October 29, 2013.**

Chairman Rossi called for questions or comments from the Board and the public on the minutes. Hearing none, he entertained a motion to approve this consent item. Mr. Paparian moved to approve the minutes and Mr. Annis seconded the motion. The Board unanimously approved the minutes.

**Action Items:**

- 4. Resolution No. 13-18 adopting temporary Directives and Requirements for the Small Business Loan Guarantee Program which authorizes an increase in the maximum guarantee amount from \$500,000 per borrower to \$2,500,000 per borrower.**

Ms. Barnes presented a staff report recommending adoption of temporary directives and requirements for the Small Business Loan Guarantee Program (SBLGP) which would increase the maximum loan guarantee amount from \$500,000 to \$2,500,000 per borrower. This will allow the SBLGP to provide small business loan guarantees comparable in size to the federally funded small business loan guarantee program (SSBCI Program) during the current funding gap and during any future funding gaps.

The State of California, acting through the SBLGP and through the California Capital Access Program operated by the State Treasurer's Office, applied for and was awarded a federal grant from the U.S. Treasury under the State Small Business Credit Initiative (Federal Grant). This Federal Grant provides funds to support small business loan programs administered by the SBLGP, through the SSBCI Program and CalCAP. Funds awarded under the Federal Grant are disbursed to the State in tranches. The first tranche has been received and largely exhausted and the funds associated with the second tranche have been requested but may not be received by the State until early 2014, thus creating a funding gap.

Discussion

The Board entertained a discussion regarding the approval process of any loan guarantee exceeding \$1 million. It was reported that a peer review committee consisting of financial development corporations conducts such review and approval. The Board requested an overview of how the review and approval process was conducted and how the peer review committee members were selected.

I Bank Executive Director, Teveia Barnes responded to the inquiry along with other speakers included the following:

- Clarence Williams, President of California Capital Financial Development Corporation
- Debbie Raven, President/Chief Executive Officer of Valley Small Business Development Corporation
- Karl Zalazowski CPA, President of Cal Coastal Rural Development Corporation

Response

It was agreed that the peer review committee would be comprised of Presidents or Chief Credit Officers with extensive credit or lending experience.

I-Bank staff will prepare and propose Small Business Finance Center Directives and Requirements for Board consideration by June 2014.

Chairman Rossi called for any additional questions or comments from the Board or the public. Hearing none, the Board unanimously approved the resolution.

**5. Resolution No. 13-19 approving an advance and transfer of monies, in an amount not to exceed \$30,000, from the CA Infrastructure and Economic Development Bank Fund to the CA Small Business Expansion Fund, the fund associated with the Small Business Loan Guarantee Program.**

During the transition of the Small Business Loan Guarantee Program (SBLGP), pursuant to Governor's Reorganization Plan No.2 (GRP 2), to the I-Bank, a shortfall of approximately \$204,000 was discovered.

Ms. Barnes presented a staff report to approve the use of interest earned on idle funds in the California Small Business Expansion Fund, in an amount not to exceed \$174,500, to provide a portion of the funds needed to cover the shortfall. Furthermore, Ms. Barnes requested the approval for the transfer and use of funds, in an amount not to exceed \$30,000, from the I-Bank Fund to the Expansion Fund, for the purpose of covering the remaining balance.

Discussion

The Board asked if the \$204,000 shortfall was associated to administrative costs attributed to the financial development corporations or the State.

Response

The monies transferred will be utilized to cover a self-identified shortfall associated with administrative cost within the SSBCI program. These costs have been deemed ineligible under the U.S. Treasury guidelines and thus required un-enrollment of funds. Corrective action has been taken to avoid future reoccurrence.

Chairman Rossi called for any additional questions or comments from the Board and the public. Hearing none, he entertained a motion to approve Resolution No. 13-19. Ms. Ortega moved to approve the resolution and Mr. Luchetti seconded the motion. The Board unanimously approved the resolution.

**Reporting\Non-Action Item[s]:**

**6. I-Bank Monthly Investment Transaction Report for Month Ending October 31, 2013.**

Chairman Rossi called for any comment from the Board members or the public on this item; there was none.

**Other Non-Action Business.**

Chairman Rossi called for any other business; there was none.

**Public Comment.**

Chairman Rossi called for any public comment; there was none.

**Adjournment.**

Chairman Rossi declared the meeting adjourned at approximately 3:00 p.m.